

who have suffered severe injury in an accident and are unable to understand what is proposed to them or requested of them.

Office of Hartley F. Peart.

Very truly yours,  
HOWARD HASSARD.

**Subject: Legal right of a corporation to practice medicine.\***

(COPY)

October 5, 1938.

Dr. George H. Kress  
Secretary, California Medical Association  
San Francisco, California

*Re People vs. Pacific Health Corporation.*

The following is a clipping from this morning's San Francisco *Examiner*:

Stay of Judgment for Health Firm.

The State Supreme Court, which recently held the activities of the Pacific Health Corporation were in violation of the Medical Practice Act, yesterday granted a stay of judgment to the health insurance firm pending an appeal of the case to the United States Supreme Court.

The Pacific Health Corporation is evidently going to try to take the case to the United States Supreme Court, and at all events to secure additional time which will be allowed to make the attempt.

Very truly yours,  
(Signed): HARTLEY F. PEART.

**Subject: Chiropractic Practice Act of California.†**

BOARD OF MEDICAL EXAMINERS  
STATE OF CALIFORNIA

*To the Editor:*—Enclosed please find mimeographed copy of decision rendered by San Francisco Superior Judge Van Nostrand on October 6, 1938, which we trust will result in definitely defining the limitations of the practice of chiropractic in this state.

A copy has been forwarded to each District Attorney in the State of California.

Very truly yours,  
C. B. PINKHAM, M. D.  
*Secretary-Treasurer.*

## MEDICAL JURISPRUDENCE †

By HARTLEY F. PEART, ESQ.  
San Francisco

### San Francisco Municipal Employees Health Service System: A Review of a Recent California Supreme Court Decision Upholding the Constitutionality of the System

Late in 1936, a proposal to establish a system of health service for San Francisco City Employees was submitted to a referendum vote of municipal employees who declared themselves in favor of a periodic payment health service plan by a large vote. Thereafter, a charter amendment was submitted by the Board of Supervisors to the electorate and upon approval by vote of the people was submitted to the Legislature. On April 14, 1937, the Legislature approved the proposed charter amendment. This charter amendment added Section 172.1 to the charter of

the City and County of San Francisco. The main features of Section 172.1 are as follows:

1. A "health service system" for municipal employees is established to be administered by a health service board.

2. All municipal employees, except those exempted because of religious convictions, are included in the system. In addition, the health service board has power to make provisions for inclusion in the system of dependents of municipal employees, retired municipal employees and temporary municipal employees.

3. The health service board by a two-thirds vote of its members has power to adopt a plan for rendering medical care to the members of the system, or for indemnification of the cost of medical care or for obtaining and carrying insurance against such costs.

4. The board is further empowered to make rules and regulations for the transaction of its business, for the granting of exemptions to municipal employees who "are otherwise receiving adequate medical care" and for the admission of members to the system.

5. The charter amendment provides that upon adoption by the health service board of a plan it shall determine the monthly sum to be deducted from wages of members of the system and then certify such sum to the City and County Controller. Thereupon, the Controller is required to deduct said sum from the compensation of members and deposit all deductions with the Treasurer of the City and County to the credit and for the use of the health service system.

6. The power of the health service board to adopt a periodic payment plan for medical care or for indemnification or to obtain insurance against medical costs is specifically restricted in the following particulars: The board cannot restrict the right of members of the system to complete freedom of choice of physician or hospital, provided, only, that the board may require all physicians or hospitals rendering service to abide by its rules and regulations. The board cannot enter into any exclusive contracts for the rendering of medical services. The board must provide that services are to be furnished at uniform rates of compensation and such rates and any contract respecting the rendering of services is subject to review by and requires the approval of the Retirement Board of the City and County of San Francisco.

The foregoing are not all of the provisions of Section 172.1 of the charter, but they do constitute the most important matters governed.

As above stated, the Legislature approved Section 172.1 on April 14, 1937, and immediately thereafter the section went into full force and effect. Subsequently, the municipal employees elected a health service board which organized and commenced to function. After some months of seeming inactivity and after first endeavoring unsuccessfully to obtain approval by the Retirement Board of an exclusive contract (expressly forbidden by the charter amendment), the health service board formulated and submitted to the Retirement Board a plan known as "Plan No. 1." Prior to public presentation of Plan No. 1, the San Francisco County Medical Society had prepared and submitted to the health service board a proposed plan, most of the principles of which were contained in Plan No. 1, as adopted. This plan called for the rendition of medical services to members of the health service system by any physician in San Francisco who agrees to abide by the rules and regulations of the board and who agrees to accept as full compensation for his services his pro rata share of that portion of the funds collected from municipal employees available for payment of medical compensation. Plan No. 1 was submitted to the Retirement Board and approved by it.

After approval by the Retirement Board of Plan No. 1, the health service board then determined upon the sum of \$2.50 a month as the monthly deduction from compensation of members of the health service system. Pursuant to the charter amendment, the health service board notified the

\* For full opinion of the Supreme Court of the State of California, see CALIFORNIA AND WESTERN MEDICINE, October, 1938, on page 306.

† Full opinion of Judge John J. Van Nostrand appears in this issue, on page 457.

‡ Editor's Note.—This department of CALIFORNIA AND WESTERN MEDICINE, presenting copy submitted by Hartley F. Peart, Esq., will contain excerpts from and syllabi of recent decisions and analyses of legal points and procedures of interest to the profession.